

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
June 18, 2002
CHICAGO, ILLINOIS**

NOTE: ITEMS IN BOLDFACE PRINT REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board (“Board”) held its Regular Meeting on June 18, 2002 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory Jones and Members Ira Rogal, Elzie Higginbottom, and Tobias Barry.

Also in attendance were: Administrator Philip Parenti, Deputy Administrators Joseph Haughey, Allan McDonald, James Wagner, Chief Legal Counsel Mark Ostrowski, Deputy Chief Legal Counsel Jeannette Tamayo, and other members of the staff.

Chairman Jones convened the June 18, 2002 Regular Meeting at 9:45 A.M. in the 3rd floor Board Conference Room. Member Rogal moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (June 18, 2002) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Higginbottom seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:55 P.M.

Approval of Minutes

Member Higginbottom moved that **the Board approve the following closed session minutes of the Illinois Gaming Board:**

- **Closed Session Minutes:**

- Regular Meeting of May 14, 2002
- Special Meeting of May 17, 2002
- Special Meeting of May 20, 2002
- Special Meeting of May 22, 2002
- Special Meeting of May 28, 2002
- Special Meeting of June 3, 2002

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Member Rogal moved that **the Board approve the following open session minutes of the Illinois Gaming Board:**

- **Open Session Minutes:**

- Regular Meeting of May 14, 2002
- Special Meeting of May 17, 2002
- Special Meeting of May 20, 2002
- Special Meeting of May 22, 2002
- Special Meeting of May 28, 2002
- Special Meeting of June 3, 2002

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Jones announced that as of July 1st the Illinois Gaming Board would implement its own Self-Exclusion Program for problem gamblers. Chairman Jones stated that the program would give persons who recognize that they have a gambling problem the opportunity to exclude themselves from all riverboat casinos in Illinois. Chairman Jones stated that the exclusion would take place only after the person with the gambling problem completes forms voluntarily requesting that he or she be placed on the self-exclusion list. Chairman Jones stated that a person who is placed on the self-exclusion list would be barred from entering a casino in Illinois for a period of five years. Chairman Jones stated that once the program

begins on July 1, 2002, those seeking self-exclusion would be able to enroll in the program at the Chicago or Springfield offices of the Illinois Gaming Board. Chairman Jones stated that starting October 1, 2002, IGB agents would also be taking applications for self-exclusion. Chairman Jones stated that the Illinois Department of Human Services has indicated that it would provide a list of alcohol, substance and gambling abuse counselors who would be available to enroll those seeking to self-exclude. Chairman Jones stated that over the next few weeks IGB staff would meet with their colleagues from DHS to determine just how quickly the DHS counselors could be made part of the self-exclusion program. Chairman Jones stated that the end result of these efforts would mean that there would be 18 locations in the State of Illinois where problem gamblers would be able to enroll in the Self-Exclusion Program. Chairman Jones acknowledged and congratulated the various IGB staff whose dedicated efforts have made the program possible. Chairman Jones also thanked the Illinois Casino Gaming Association and all of the other groups who have had input and suggestions to help make the program successful.

New Business

Member Rogal moved that **the Board add "Board Policy Items" to the Agenda**. Member Rogal further moved that **the discussion of the Board Policy item, rulemaking, be placed on the public agenda for deliberation and decision**. Member Rogal further moved that **the Agenda for the open session for today's meeting be amended to include "Board Policy Items", including rulemaking and the Self-Exclusion Policy and Program, as topic number 7**. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

Administrator Parenti added to what Chairman Jones discussed regarding the Self-Exclusion Policy. Administrator Parenti praised Chairman Jones for his dedication to the program. Administrator Parenti stated that the Self-Exclusion Program was Chairman Jones' primary focus and that the program would not have succeeded without the input and strong hand of Chairman Gregory Jones.

Public Commentary

Susan S. Gouinlock, Legal Counsel, Illinois Casino Gaming Association, was present to discuss Illinois casinos' charitable efforts. Ms. Gouinlock announced that casino employees from each of the nine member casinos are preparing for their annual Casino Employee Helping Hand Food Drive to benefit local food pantries in each of the nine casino host communities. Ms. Gouinlock stated that the Drive would take place from Friday, July 12 to Friday July 26, 2002. Ms. Gouinlock stated that this would be the third annual Drive. Ms. Gouinlock stated that last year Illinois casinos committed \$35 million to charitable causes. Ms. Gouinlock stated that the Alton Belle Casino was recently honored by the Southwestern Illinois Chapter of the American Red Cross for its donation of \$5,000.00 to the chapter's relief efforts following the September 11 terrorist attacks. Ms. Gouinlock stated that the

Casino Queen, through its charitable foundation, recently donated \$60,000 to the East St. Louis Children's Foundation to support the vital work of East St. Louis' Christian Activity Center. Ms. Gouinlock stated that last month, Harrah's Joliet and Harrah's Metropolis together made a \$200,000 grant to the not for profit organization, Senior Services of Central Illinois, for construction of a new 2,000 square foot wing at the Springfield Senior Citizen's Center. Ms. Gouinlock stated that having already donated \$500,000 to Bradley's Centennial Campaign, the Par-A-Dice Casino just made the second of three, \$50,000 additional donations for a scholarship endowment fund at the University. Ms. Gouinlock stated that the Empress Casino Joliet has supported the Will-Grundy Counties Easter Seals Telethon for seven years. Ms. Gouinlock stated that in addition to significant cash donations to the event, the Empress provides a ballroom, hotel rooms and food for telethon staff for a week each year, and Empress employees volunteer to construct the set and otherwise make the telethon happen. Ms. Gouinlock stated that Hollywood Casino has been a substantial and reliable supporter of the Quad County Urban League for eight years, providing funds for computers and other tools to fulfill the Urban League's mission of providing underprivileged kids in Kane, DuPage, Kendall and Will Counties with a better chance to excel academically and to help their families achieve self sufficiency. Ms. Gouinlock stated that the Grand Victoria Casino in Elgin is one of the major charitable givers in the State of Illinois from any industry. Ms. Gouinlock stated that since Grand Victoria opened in the fall of 1994, the casino has committed over \$90 million to its charitable foundation, the Grand Victoria Foundation.

Ms. Gouinlock introduced Mr. Joe Neri, Director of the Illinois Facilities Fund (IFF). Mr. Neri was present to inform the Board of the donations that the Grand Victoria Casino Foundation has provided for childcare in the State of Illinois. Mr. Neri stated that the Illinois Facilities fund is a non-profit community development finance institution that provides capital and technical assistance, including real estate development, to low-income and special needs populations. Mr. Neri stated that the Grand Victoria Foundation has been one of the most significant contributors of IFF, especially in the area of childcare. Mr. Neri stated that over the past five years the Grand Victoria Foundation has made over \$3 million dollars worth of grants to the IFF. Mr. Neri stated that funds were used to serve projects serving low-income and special needs populations. Mr. Neri stated that those projects include two childcare centers in the Elgin community; a well-child center that provides health services and pre-natal care to hundreds of low-income families; a community health clinic serving families on Medicaid and the uninsured; and an educational facility that serves developmentally disabled youth. Mr. Neri stated that this year the Grand Victoria Foundation made a \$2 million dollar grant to IFF, which would be targeted specifically for work in childcare in the highest need communities throughout the metropolitan area.

Member Higginbottom stated that he noticed that during Ms. Gouinlock's and Mr. Neri's presentation that they did not mention any efforts made in the City of Chicago or in Cook County, which are also areas of high need. Member Higginbottom stated that because of the large population concentration in Chicago and in Cook County, it would seem that with over \$100 million dollars in the fund that there could be more efforts in the City of Chicago and Cook County. Ms. Gouinlock stated that the \$100 million dollars is just the Grand Victoria Foundation, it does not include the other casinos. Ms. Gouinlock stated that she is sure that

there are other fine examples of the foundation donating to the Chicago area. Ms. Gouinlock stated that she would speak with the foundation's Director and provide that information to the Board. Mr. Neri stated that the foundation provided a grant for the resurrection project in developing a childcare facility in the Back of the Yards community. Ms. Gouinlock read a list of recent donations by the Grand Victoria Foundation. The list included the Chicago Association of Neighborhood Development, Chicago Foundation for Women, Chicago Jobs Counsel, Chicago State University, and Chicago's Environmental Fund.

Board Policy Items

Deputy Legal Counsel Jeannette Tamayo stated that House Bill 2381 was sent to the Governor for signature on June 6, 2002. Ms. Tamayo stated that the Bill changes the graduated scale for the casino taxes and also increases the admission tax. Ms. Tamayo stated that staff would need emergency rulemaking in order to implement the changes effective July 1, 2002, assuming that the Governor signs the legislation. Ms. Tamayo stated that staff is requesting permission to file an emergency rulemaking and permission to file the proposed amendments with JCAR.

Member Higginbottom moved that **the Board authorize the adoption of proposed rules on an emergency basis and concurrently authorize the First Notice submission of these rules with the Secretary of State for publishing the amendments to Board rule 3000.1071 regarding admission and wagering tax upon H.B. 2381 becoming law.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

In regards to the Self-Exclusion Program, Ms. Tamayo stated that over the next three months, it is more in the nature of a pilot program. Ms. Tamayo stated that staff has not had the opportunity to test it and implement it. Ms. Tamayo stated that the program is a consensual program, where the individual who is seeking assistance identifies that they have a gambling problem and consents to the actions that are being taken. Ms. Tamayo stated that the casinos are cooperating with this program because the Board has adopted a rule that requires them to do so. Ms. Tamayo stated that there is a General Manager's meeting scheduled to discuss the Self-Exclusion Program more elaborately.

Owner Licensee Items

EMPRESS/ARGOSY GAMING COMPANY – PROPOSED BARGE CONSTRUCTION UPDATE – Paul Keller, Vice President of Design, was present on behalf of Argosy Gaming Company to update the Board on Argosy's proposed barge project. Mr. Keller stated that legislation was passed by the Illinois legislature to increase the marginal tax rate. Mr. Keller stated that the tax increase was not accompanied by any offsetting rule change that would allow Argosy to expand its revenue base by adding even a small amount of capacity. Mr. Keller stated that the burden of the entire tax increase must come only from existing revenues and provides nothing in the way of incentives to expand these revenues. Mr. Keller stated that the investment that Argosy planned for nearly a year, and which it has already

spent a significant amount of money on, can no longer be justified in any kind of economic sense. Mr. Keller stated that Argosy has a duty to its shareholders, employees, and to the State of Illinois to make fiscally prudent decisions and to employ its capital where it can be most productive. Mr. Keller announced that it is Argosy's decision to place its project on hold for the time being. Mr. Keller stated that Argosy is evaluating several less ambitious alternatives to the previous plan. Mr. Keller stated that within the next few months, Argosy would return before the Board to inform the Board of Argosy's decisions about how they are going to employ capital at the Joliet property and move the property forward under the existing circumstances.

Member Rogal asked what Argosy's standards are for economic justification. Mr. Keller stated that Argosy's standards are a fair return on investment for the risk they take, which he stated would obviously be exceeding the cost of capital. Mr. Keller stated that the cost of capital is around 12%, and the cost of capital for a project of this magnitude would be higher. Member Rogal asked what would the return on the investment have been for the \$75 million dollar project. Mr. Keller stated that he has no knowledge of that. Member Rogal asked Mr. Keller to provide staff with information relating to what the return on investment would have been for the \$75 million dollar project. Mr. Keller stated that he would submit to staff information regarding the return on investment.

EMPRESS CASINO, JOLIET – LICENSE RENEWAL - Brenda Bauer, Vice President for Argosy Gaming/Acting General Manager for Empress Casino, Joliet, was present on behalf of Empress Casino to request initial consideration for license renewal. Ms. Bauer provided the Board with a video presentation highlighting Empress Casino's accomplishments over the year. Ms. Bauer stated that Empress Casino would be working closely with staff over the next month to answer any additional questions that they might have.

HARRAH'S ENTERTAINMENT, INC. – NORMAND J. MULLAN, DIRECTOR OF INTERNAL AUDIT – KEY PERSON – Karen Wosnack, Attorney, was present on behalf of Norman J. Mullan to request approval for Normand J. Mullan as a Level One.

Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board approve Normand J. Mullan as a Key Person of Harrah's Entertainment, Inc.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensees

ARISTOCRAT – LICENSE RENEWAL – Kris Pribadi was present on behalf of Aristocrat to request approval of license renewal.

Member Rogal moved that **the Board approve a restricted Supplier's license of Aristocrat Technologies, Inc. for a term of one year expiring June 2003 and impose the following condition:**

1. Aristocrat Technologies, Inc. shall file all appropriate and required documents relevant to its license renewal in a timely manner.

In the event that Aristocrat, Inc. fails to make an appropriate and timely request as specified in Board Rule 3000.405 for a hearing within 5 days of delivery of the written restriction of licensure, this action of the Board shall become the final action of the Board restricting the Suppliers license application for one year.

Further, based on the staff's investigation and recommendation, Member Rogal moved that **the Board certify and approve the following positions and persons as Key Persons of the licensee:**

1. Chief Executive Officer (Chief Executive Director);
2. Chief Operating Officer (President);
3. Aristocrat Leisure Limited;
4. Aristocrat International Proprietary Limited; and
5. Desmond H. Randall.

Further, Member Rogal moved that **the Board approve Aristocrat Technologies, Inc. to provide EGD's pursuant to the requirements set out in the Board's Adopted Rules.** Member Higginbottom seconded the motion. The Board approved the motion unanimously by voice vote.

A.C. COIN & SLOT SERVICE COMPANY, INC. – LICENSE RENEWAL - John Janicik, Attorney, and Tom McCormick, Vice President and General Counsel, were present on behalf of A.C. Coin & Slot Service Company, Inc. to request license renewal.

Based on a review of staff's investigation and recommendation, Member Higginbottom moved that **the Board approve the Supplier's license of Atlantic City Coin & Slot Company, Inc. for a term of 4 years expiring in June 2006.**

Further, Member Higginbottom moved that **the Board certify and approve the following person and position as a Key Person of the licensee:**

1. Maxie R. Seelig; and
2. President/Director.

Further, Member Higginbottom moved that **the Board approve Atlantic City Coin & Slot Company, Inc. to provide EGD's pursuant to the requirements set out in the Board's Adopted Rules.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

U.S. PLAYING CARD COMPANY – GREGORY S. SIMKO, PRESIDENT – KEY PERSON – Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board approve Gregory S. Simko as a Key Person of U.S. Playing Card Company**. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Rogal moved that **the Board approve 127 applications for an Occupational License Level 2 and 330 applications for an Occupational License Level 3**.

Further, Member Rogal moved that **the Board direct the Administrator to issue Notices of Denial to the following seven applicants for Level 2 and Level 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

1. Antoine Blasingame;
2. Nicholas Davila;
3. Onie R. Ramsay;
4. John J. Steelman;
5. Troy Lockridge;
6. Thomas Buechel; and
7. Donald Dickinson.

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaints

IN RE THE DISCIPLINARY COMPLAINT ACTION OF JUAN A. VILLEGAS - Based on a review of staff's investigation and recommendation, Member Higginbottom moved **that the Board issue a Disciplinary Complaint against Juan A. Villegas, a Level 3 Occupational Licensee, for fraudulently crediting a Grand Victoria casino patron's account and engaging in conduct that would discredit or tend to discredit the Illinois gaming industry in violation of the Board's Act and Adopted Rules.**

Further, Member Higginbottom moved that **the Board revoke Mr. Villegas' Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Report

IN RE THE DENIAL OF THE APPLICATION OF LUN C. NG, OL-01-02 - Based on a thorough review of the record and report of proceedings and evidence before Administrative Law Judge Arnold in the Matter of Lun C. Ng, OL-01-02, Member Higginbottom moved that **the Board adopt and issue the proposed final order incorporating the Hearing Officer's Recommended Decision, Findings of Fact and Conclusions of Law, as the Board's Final Administrative Decision in this matter.**

Member Higginbottom further moved that **the Board direct the Administrator to provide a copy of the Board's Decision to the parties and the ALJ, and include therein a notice to Mr. Ng of his right to appeal the Board's Decision to the circuit court within 35 days from the date said Decision is served.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

At 3:05 P.M. pursuant to Section 2 (c), paragraph (11) and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Rogal moved that **the Board retire to Closed Session to discuss the following subject matters:**

- 1. Litigation involving Emerald Casino, Inc.;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Investigations concerning applicants and licensees**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

At 4:58 P.M. Member Rogal made a motion to reconvene into Open Session. Member Higginbottom second the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 4:58 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board